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File No. O. Insurance/41

Legal DEPARTMENT

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Subject:— Opinions Under the Insurance, Act 1938

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Office of the R.L.A.

Section 5 of the Local Authorities Loans Act, 1914, provides for a remedy by attachment through Government if the loan borrowed by a local authority has not been repaid; and this remedy would be available to recover arrears of the loan from the defaulting local authority irrespective of the question whether such loan is or is not guaranteed by Government. The mere fact that Government has sanctioned the raising of a loan by a local authority under rule 8 of the Bombay Local Authorities Loans Rules 1923 and the loan would be recovefable under section 5 does not render such loan guaranteed by Government within the meaning of section 163(1) of the Government of India Act, 1935. Consequently the debentures issued by the Poona Municipality in respect of several loans raised with ~~kx~~ the sanction of Government under rule 8 of the Bombay Local Authorities Loans Rules would not be approved securities within the meaning of section 2(3) of the Insurance Act, 1938.

Sd/-
26/7.
Rembrancer of Legal Affairs.

U.R. to G.D. No. 6621 dated the 28th July 1941.

M.V.V.
28/7.